



# San Diego City Attorney **MICHAEL J. AGUIRRE**

## **NEWS RELEASE**

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### **AGUIRRE ASKS RETIREMENT BOARD TO DENY PROVIDING LEGAL DEFENSE COSTS FOR TWO FORMER OFFICIALS UNDER INDICTMENT BY A FEDERAL GRAND JURY**

**San Diego, CA:** San Diego City Attorney Michael Aguirre today delivered a letter to Board members of the San Diego City Employees' Retirement System (SDCERS), asking them to again deny legal defense costs for Lawrence Grissom, former SDCERS Administrator, and Lorraine Chapin, former SDCERS counsel, who were indicted in January by a Federal Grand Jury for conspiracy to commit wire and mail fraud. In his March 15 letter, Aguirre also cites misrepresentations made by Ms. Chapin's attorney at the SDCERS January 30<sup>th</sup> meeting.

"Mr. Grissom and Ms. Chapin had a fiduciary duty to provide honest services to the constituents of the City of San Diego and the Retirement Board," said City Attorney Aguirre. "They violated that trust when they concealed information from the Board regarding the presidential leave benefits of Firefighters Union Official Ron Saathoff who was also indicted by the U.S. Grand Jury."

This Friday, SDCERS President Peter Preovolos is bringing the matter back to the Board after a similar effort failed in January. According to Aguirre, a public entity may provide for the defense of criminal action or proceeding against an employee or former employee if:

- (a) The criminal action or proceeding is brought on account of an act or omission in the scope of his employment as an employee of the public entity; and
- (b) The public entity determines that such defense would be *in the best interests of the public entity* and that the employee or former employee *acted, or failed to act, in good faith*, without actual malice and *in the apparent interests of the public entity*.

"San Diego taxpayers should not have to bear the financial brunt of their wrongdoing," said City Attorney Aguirre.

In his letter, Aguirre also criticized Steven Madison, attorney for Ms. Chapin, for trying to convince the Board to indemnify his client by using misleading statements. At the January 30<sup>th</sup> meeting, Mr. Madison told the SDCERS' Board that he also serves as an "elected city councilman" and represented that he had "perspective on making judgments like this," referring to the Board's decision whether to indemnify and pay for the legal costs of his client. Mr. Madison is a councilman from the City of Pasadena.

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“The Board should know that the Pasadena City Council apparently has never voted to indemnify a former employee for legal fees in criminal proceedings,” said City Attorney Aguirre. “The City Attorney for Pasadena was requested to review its Council records and the City of Pasadena has produced no records that confirm indemnification of former employees for criminal defense costs.”

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